

TOLIReview

Fiduciary Policy Review

TRUST / ACCOUNT

Sample Family ILIT

PRODUCT NAME

Nationwide YourLife Indexed UL Accumulator

INSURANCE CARRIER

Nationwide Life and Annuity Insurance Company

REVIEW DATE

May 22, 2026

Fiduciary Review Context

Trust-specific context provided by the reviewing fiduciary to shape this analysis.

TRUST PURPOSE Estate Tax Liquidity

This policy funds estate taxes at the insured's death so other assets aren't forced into liquidation. The review tests whether the death benefit is sufficient for projected tax exposure, whether coverage is projected to remain in force through life expectancy, and whether premium funding is sustainable.

DECISION AUTHORITY Trustee -- Full Discretion

The reviewing trustee has sole investment discretion over this policy — retention, replacement, premium decisions, and remediation. Findings and action items are directed to the discretionary trustee as the responsible decision-maker, with no delegation to advisers or consultants assumed in the review framing.

COVERAGE DURATION To Insured's Life Expectancy

The trust requires coverage through the insured's actuarial life expectancy. The review compares guaranteed and projected policy duration against applicable mortality benchmarks. If the insured's health has changed materially since policy issue, the effective target duration may need reassessment through an updated life expectancy study.

FUNDING STATUS Premiums Paid as Scheduled

Premiums are being paid according to the original illustration schedule. The review verifies whether the illustrated premium is sufficient to sustain coverage through the target duration, whether any no-lapse guarantee test is being met, and whether the trust has adequate cash flow to continue premiums at the current level.

ENCUMBRANCES No Known Encumbrances

No outstanding loans, collateral assignments, split-dollar arrangements, or prior withdrawals affect this policy. The cash value, death benefit, and surrender value are unencumbered and available as illustrated. The review can focus on policy performance, funding adequacy, and trust alignment without adjusting for external claims.

REVIEW HISTORY 1-2 Years Ago

The last professional review was 1-2 years ago. For institutional trustees with annual review expectations, this represents a documentation gap. The review brings documentation current and assesses material changes since the prior review — interest rate environment, cost of insurance adjustments, and shifts in the trust's objectives.

WRITTEN GOVERNANCE No Written Policy Identified

No written fiduciary policy or insurance governance standard has been identified. The review evaluates the policy against general prudent fiduciary standards and recommends developing written governance — covering review frequency, documentation standards, and remediation triggers — as a governance improvement.

Policy Details

NATIONWIDE LIFE AND ANNUITY INSURANCE COMPANY

Nationwide YourLife Indexed UL Accumulator

Current age 56 | Female

Indexed Universal Life

Issued at age 47

Current age 56

Illus. 10/7/2025

Not a MEC

CURRENT VALUES (YEAR 9)

Cash Value	\$85,665
Surrender Value	\$82,482
Death Benefit	\$585,289

PREMIUM FUNDING

Scheduled	\$21,800
NLG Minimum	\$2,868.48
Pattern	Level then stop (pay to age 59)

GUARANTEE DURATION

No-Lapse Guarantee

To Age 70 (14 years remaining)

Policy Sustainability

To Age 120 (current assumptions)

POLICY RIDERS

✓ Terminal Illness	Up to 50% of DB
✓ Chronic Illness	Up to 2% of DB (\$500K cap)
✗ Critical Illness	Not included
✓ Long-Term Care	\$10K/month (90-day wait)
✓ Overloan Protection	Included
✗ Waiver of Premium	Not included

Benefit amounts and eligibility requirements vary. Review the policy contract for specific terms.

Fiduciary Status Assessment

Primary fiduciary verdict based on deterministic Duration Adequacy analysis against SSA 2022 Period Life Tables. The assessment below summarizes the policy's structural coverage posture and the decision it presents for trustee consideration.

Material duration risk exists under guaranteed assumptions despite current in-force projections.

STRENGTH

Current-assumption coverage projects to maturity age 120 with \$585,573 benefit.

PRIMARY RISK

Guaranteed coverage ends 13 years before population life expectancy age 84.

PRIORITY ACTION

The trustee should consider requesting an updated in-force illustration at lower rates.

For estate tax liquidity through actuarial life expectancy, guaranteed coverage lapses at age 71, while the population life expectancy benchmark is age 84; despite premiums currently paid as scheduled (\$21,800/year), long-duration adequacy depends on non-guaranteed performance.

DURATION ADEQUACY

GUARANTEED COVERAGE GAP

Guaranteed coverage ends 13 years before population life expectancy.



Life expectancy benchmark: SSA 2022 Period Life Tables. See Review Methodology for full details.

WHAT THIS MEANS FOR THE TRUSTEE

The trustee must determine whether reliance on non-guaranteed performance to bridge the duration gap is consistent with the governing instrument and the trust's risk posture, and document the basis for that determination.

What the Analysis Found

Findings ordered by priority. **High** items may directly affect whether coverage lasts. **Monitor** items are worth tracking. **Info** items provide benchmarks.

Guarantees & Duration

HIGH Guaranteed coverage lapses at age 71 — 13 years short of the SSA 2022 population life expectancy benchmark age 84, the fiduciary checkpoint for the trust's life-expectancy coverage need for estate tax liquidity.

HIGH Under guaranteed assumptions (minimum crediting, maximum charges), net surrender value collapses to \$7,874 at age 70, leaving virtually no buffer as the fixed-term NLG window closes and coverage lapses the following year.

MONITOR The cumulative premium test compliance status for the \$2,868.48 annual NLG requirement through age 70 is not documented in the illustration — carrier written confirmation is absent from the trust file.

Funding & Premiums

HIGH Premiums stop entirely after year 12 (age 59), making the policy fully performance-dependent for the 25+ years to population life expectancy — sustained 5.14% crediting is not contractually guaranteed.

Crediting & Performance

MONITOR The \$123,372 gap between projected (\$188,737) and guaranteed (\$65,365) cash value at age 65 represents a 65% downside spread, reflecting full performance dependency on non-guaranteed 5.14% indexed crediting.

Fiduciary Process

MONITOR No written fiduciary policy or insurance-governance standard has been identified for this trust, creating a documentation gap inconsistent with prudent TOLI management for a material estate-tax-liquidity asset.

Policy Structure

INFO At \$37.25 per \$1,000 of death benefit against a \$585,289 face amount, the annual premium cost should be benchmarked against comparable protection-oriented structures given the estate-tax-liquidity objective.

These findings reflect what the illustration shows today. Revisiting periodically supports documented fiduciary diligence.

Fiduciary Action Items

Priority actions and carrier questions for the current review cycle. See *Suggested Next Steps* for the complete action plan.

Immediate Review Actions

Priority actions for the trust committee based on this review cycle.

- ✓ The trustee should consider confirming that premiums continue to be remitted consistent with the planned schedule (\$21,800 annually, then \$10,688 at year 12, then \$0), and documenting any deviation alongside updated sustainability projections.
- ✓ The trustee should consider monitoring annual values against key checkpoints, including \$188,737 net surrender value at age 65 and \$230,177 at age 70, with a variance threshold (e.g., 10–15%) prompting a full review.
- ✓ The trustee should consider documenting that the policy currently has no known encumbrances and that loans are \$0 outstanding, to preserve clean baseline assumptions for future guarantee and durability analysis.

Questions for Nationwide

Items to confirm or request from the carrier for the trust file.

- 1 Provide written confirmation that the Death Benefit Guarantee cumulative premium test is currently satisfied, including the total accumulated premiums paid versus the accumulated monthly guarantee premium requirement through the most recent monthiversary.
- 2 Request an updated in-force illustration modeled at reduced crediting rates (e.g., 3.25% and the midpoint between illustrated and guaranteed) to quantify lapse ages under moderate stress scenarios between age 71 and age 84.
- 3 Provide the complete monthly cost of insurance rate schedule by attained age through at least age 84 to support fiduciary assessment of charge-driven erosion risk in the post-guarantee period.
- 4 Confirm whether any guaranteed minimum cap floor applies to the indexed strategies (1-Yr Multi-Index and 1-Yr MSCI EAFE) so the trustee can assess the contractual downside boundary for long-duration crediting.
- 5 Clarify the specific ADL triggers and elimination period terms for the Accelerated Benefit Rider for Health Care (NWLA-171-04) for inclusion in the trust file.

Each item is grounded in a specific data point from the illustration. Documenting these supports a deliberative fiduciary review process.

Fiduciary Considerations

Data-driven considerations -- not recommendations. Evaluate in context of trust objectives, governing instrument authority, and applicable fiduciary standards.

DURATION REMEDIATION

Given that guaranteed coverage lapses at age 71 versus the SSA 2022 population life expectancy benchmark age 84, the trustee should evaluate whether a protection-oriented structure (e.g., long-duration GUL or protection-IUL with extended NLG) better serves the estate-tax-liquidity objective — any replacement requires governing-instrument authority, insurability confirmation, new contestability exposure, and tax analysis of any exchange.

CONSERVATION

If the trustee determines the current IUL structure is to be retained, the trustee should consider documenting a formal stress-test threshold — specifically, the crediting rate at which lapse age approaches age 84 — so that a material deviation from \$188,737 net surrender value at age 65 triggers a formal remediation review before options narrow.

GOVERNANCE ACTION

The absence of written insurance-governance standards is a material process gap for an institution managing a TOLI asset with estate-tax-liquidity purpose; the trustee should consider developing written documentation covering review cadence, performance thresholds, escalation triggers, and replacement-evaluation criteria consistent with applicable fiduciary standards (UPIA, OCC 12 CFR 9.5 where applicable).

FUNDING ASSESSMENT

The scheduled premium step-down to \$10,688 in year 12 and complete cessation thereafter is an acceptable structure under current illustrated assumptions, but the trustee should confirm that the NLG cumulative premium test will remain satisfied through age 70 — including verifying that the \$86,835 in cumulative premiums paid to date exceeds the accumulated guarantee-premium requirement — before reducing reliance on contractual protection.

The Numbers -- 10-Year Outlook

Projected evolution of policy values over the next decade under illustrated assumptions.

YEAR	AGE	PREMIUM	CASH VALUE	SURRENDER VALUE	DEATH BENEFIT
9	56	\$0	\$85,665	\$82,482	\$585,289
10	57	\$21,800	\$107,703	\$106,112	\$585,289
11	58	\$21,800	\$132,388	\$132,388	\$585,289
12	59	\$10,688	\$147,849	\$147,849	\$585,289
13	60	\$0	\$153,966	\$153,966	\$585,289
14	61	\$0	\$160,285	\$160,285	\$585,289
15	62	\$0	\$166,813	\$166,813	\$585,289
16	63	\$0	\$173,883	\$173,883	\$585,289
17	64	\$0	\$181,189	\$181,189	\$585,289
18	65	\$0	\$188,737	\$188,737	\$585,289

Values shown are based on illustrated non-guaranteed assumptions. Guaranteed values are contractual minimums and may differ materially.

ANALYSIS & KEY OBSERVATIONS

As of the current in-force position (policy year 9, age 56), the policy holds \$85,665 cash value and \$82,482 net surrender value against a \$585,289 level death benefit. Total premiums paid to date are \$86,835.35, with additional planned premiums of \$21,800 at ages 57-58 and \$10,688 at age 59, then \$0 thereafter. Under current assumptions at 5.14% illustrated crediting, surrender value is projected to grow to \$188,737 at age 65, \$230,177 at age 70, and \$277,239 at age 75, with coverage projected to maturity age 120. Under guaranteed assumptions, net surrender value compresses to \$7,874 at age 70, and coverage lapses at age 71, indicating that post-guarantee durability depends on non-guaranteed performance.

The primary fiduciary issue is duration adequacy for estate tax liquidity: guaranteed coverage lapses at age 71 while the SSA population life expectancy benchmark for a female age 56 is approximately age 84, creating reliance on non-guaranteed crediting and charge stability for the required horizon.

Key Takeaways

Priority considerations for this policy based on the illustrated values and policy provisions reviewed. Each takeaway translates a category's policy mechanics into a specific fiduciary consideration for the discretionary trustee.

1

POLICY CHASSIS

For estate tax liquidity, the trustee should evaluate whether an accumulation-oriented IUL is the appropriate chassis versus a protection-oriented design.

2

PREMIUM FUNDING STRATEGY

For estate tax liquidity, the trustee should document that the current premium pattern remains feasible through the period needed to support duration.

3

CREDITING & INTEREST RATES

For estate tax liquidity, the trustee should treat post-guarantee duration as crediting- and COI-sensitive rather than contractually secured.

4

CASH VALUE ACCUMULATION

For estate tax liquidity, the trustee should view cash value as a buffer for post-guarantee sustainability, not a secondary planning objective.

5

LOAN PROVISIONS

With no current indebtedness, the trustee can focus on duration and guarantee management rather than loan remediation.

6

DEATH BENEFIT & NO-LAPSE

For estate tax liquidity, the trustee should treat guaranteed duration to age 71 as insufficient versus life expectancy and document reliance on non-guaranteed performance.

7

RIDER & FEATURE ANALYSIS

The trustee should evaluate whether living benefit utilization risks should be restricted or documented given the primary estate-tax-liquidity purpose.

8

IN-FORCE STRESS TESTING

For estate tax liquidity, the trustee should treat age-71 lapse under guaranteed assumptions as a fiduciary escalation trigger for durability planning.

Suggested Next Steps

Complete action plan based on this policy's structure, funding, and coverage characteristics.

✓ If the Trust Maintains This Policy

Steps to maintain and optimize coverage within the existing structure.

- 1 The trustee should consider confirming that premiums continue to be remitted consistent with the planned schedule (\$21,800 annually, then \$10,688 at year 12, then \$0), and documenting any deviation alongside updated sustainability projections.
- 2 The trustee should consider monitoring annual values against key checkpoints, including \$188,737 net surrender value at age 65 and \$230,177 at age 70, with a variance threshold (e.g., 10–15%) prompting a full review.
- 3 The trustee should consider documenting that the policy currently has no known encumbrances and that loans are \$0 outstanding, to preserve clean baseline assumptions for future guarantee and durability analysis.

⇄ If the Trust Explores Alternatives

Information-gathering steps based on structural characteristics of this policy.

- 1 The trustee should consider obtaining an updated in-force illustration set that includes reduced-crediting and increased-charge scenarios, with explicit reporting of lapse ages under each scenario and reconciliation to the fixed-term guarantee ending at age 70.
- 2 The trustee should consider requesting written carrier confirmation of the Death Benefit Guarantee cumulative premium test status, including cumulative premium paid-to-date versus required and the impact of any partial surrender/loan activity on the guarantee test.
- 3 Given the estate-tax-liquidity purpose and a guaranteed lapse age 71 versus a population life expectancy benchmark age 84, the trustee should consider evaluating protection-oriented alternatives (e.g., long-duration no-lapse IUL or GUL) subject to trustee authority, tax consequences, and insurability/underwriting requirements.
- 4 The trustee should consider reviewing living benefit riders (terminal, chronic, LTC) for alignment with the trust's purpose, including whether benefit acceleration could materially reduce the death benefit needed for estate tax liquidity at death.
- 5 No written fiduciary policy or insurance-governance standard has been identified; the trustee should consider developing written TOLI governance (review cadence, stress-testing standards, escalation triggers, and documentation requirements) consistent with applicable fiduciary standards and the trust's estate-tax-liquidity objective.

These next steps are derived from the policy analysis. "Maintain" actions reference specific policy data points. "Explore" actions identify comparison opportunities -- they are not recommendations to replace this policy. All decisions should be made in consultation with qualified professionals and in accordance with governing instrument authority.

About the Technology Provider

This report was generated using software provided by Financial Planner AI, LLC ("FPAI"), an independent technology provider. FPAI is not affiliated with, endorsed by, or acting on behalf of any broker-dealer, registered investment adviser, insurance carrier, insurance agency, bank, trust company, law firm, or accounting firm. Use of FPAI's technology does not create a client, advisory, fiduciary, legal, tax, insurance, actuarial, or agency relationship between any party and FPAI.

Nature and Use of This Report

This report is provided for informational and fiduciary documentation support purposes only. It does not constitute financial, legal, tax, insurance, investment, fiduciary, or actuarial advice, nor does it represent a recommendation to maintain, modify, replace, exchange, surrender, or purchase any policy. No guarantees are made regarding future policy performance or outcomes. Decisions regarding any trust-held policy should be made by the responsible fiduciary in consultation with qualified professionals and in accordance with the governing instrument, applicable law, carrier documents, and internal fiduciary policies.

Use of Artificial Intelligence

The analysis in this report was generated using artificial intelligence to extract and evaluate information from a life insurance policy illustration. AI-based analysis relies on the data contained in the illustration provided and does not incorporate external records, carrier administrative actions, policy changes, or in-force experience not reflected in that document. AI-generated extraction and analysis may contain errors, omissions, or misinterpretations. Users are responsible for verifying all extracted values, policy provisions, and findings against the original carrier illustration and policy documents before relying on the report.

Illustration Dependency

This report is based solely on the illustrated assumptions, including non-guaranteed elements such as interest crediting, policy charges, cost structures, and policyholder actions. Actual policy performance may differ materially. The official carrier-issued illustration and policy contract govern all guarantees, benefits, limitations, and obligations. In the event of any discrepancy, the carrier-issued illustration and policy documents are the controlling sources. The carrier-issued illustration should accompany this analysis whenever the report is used for fiduciary review, trust file documentation, or professional discussion.

Not a Carrier Illustration or Replacement Analysis

This report is not a carrier illustration, supplemental illustration, sales illustration, replacement analysis, or product recommendation, and should not be presented as such.